

Message Text

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ACTION EA-09

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R 230636Z SEP 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 7115

INFO AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY TOKYO

AMCONSUL HONG KONG

USLO PEKING

CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 1 OF 2 TAIPEI 6231

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PINT, PFOR, ECON, MILI, TW, US, CH, JA, KS

SUBJECT: ATMOSPHERICS: QUIET FALL?

REFERENCE: TAIPEI 5431 (NOTAL)

1. INTRODUCTION AND SUMMARY: SUPPORTING THE GROG'S ATTEMPTS TO INSTIL A SENSE OF STABILITY AMONG THE POPULACE, THE PAST SEVERAL WEEKS HAVE BEEN RELATIVELY QUIET. GOVERNMENT EFFORTS HAVE PRIMARILY FOCUSED ON CONTINUING AND PERHAPS BROADENING THE "CONDITIONING PROCESS" (I.E., LEADING THE PUBLIC TO LEARN TO LIVE WITH TAIWAN'S UNCERTAIN FUTURE) AND ON SEEKING METHODS TO COPE WITH ECONOMIC PROBLEMS AND WITH THE YOUNG UNEMPLOYED. WHILE OFFICIAL AND PRESS INTEREST CONTINUES TO FOCUS ON US/ROC RELATIONS AS WELL AS ON THE SECURITY OF NORTHEAST ASIA, THESE TOPICS ARE NOT COMMONLY DISCUSSED BY THOSE HERE OUTSIDE OFFICIAL CIRCLES. THE LEGISLATIVE YUAN ELECTIONS TO BE HELD IN DECEMBER HAVE ALSO

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FAILED SO FAR TO AROUSE MUCH INTEREST.
END SUMMARY.

2. MILITARY SELF-RELIANCE, AN IMPORTANT ASPECT OF THE SELF-

RELIANCE THEME, HAS COME IN FOR SOMEWHAT MORE ATTENTION. A REPORT THAT THE GROG WILL START PRODUCTION OF AN IMPROVED MODEL OF SIDEWINDER MISSILES IN SEPTEMBER (APPARENTLY THIS REFERS TO THE DEVELOPMENT OF AN IN-COUNTRY ABILITY TO CONVERT AIM9B TO AIM9J UNDER A TECHNICAL ASSISTANCE AGREEMENT WITH THE U.S.) GOT GOOD PLAY. NEWSPAPERS ARE PREDICTING A BIG-SCALE DOUBLE TEN PARADE THIS YEAR, WITH THE PARTICIPATION OF "SEVERAL TENS OF THOUSANDS OF TROOPS" AND THE DISPLAY OF THEIR LATEST MILITARY HARDWARE, INCLUDING SOME DEVELOPED LOCALLY. MORE SIGNIFICANT, PERHAPS, IS A SEPTEMBER 17 UPI INTERVIEW WITH PREMIER CHIANG CHING-KUO IN WHICH HE SAID THAT THE ROC HAD THE CAPABILITY TO MANUFACTURE NUCLEAR WEAPONS (BUT WOULD NOT DO SO), THAT THE ROC HAS ADEQUATE MANPOWER TO DEFEND ITSELF, AND THAT IT DOES "NOT NEED AMERICAN TROOPS TO FIGHT" FOR IT.

3. ANTI-PRC PROPAGANDA IS ALSO ON THE UPSWING. A FIVE-MONTH EXHIBIT SHOWING PICTURES OF CHINESE COMMUNIST TYRANNY AND ATROCITIES" OPENED ON SEPTEMBER 1, AND A SEPTEMBER 2 LETTER BY THE PREMIER ISSUED FROM QUEMOY CALLED ON THE PEOPLE OF THE MAINLAND TO RISE UP AGAINST THEIR COMMUNIST LEADERS. INSTABILITY ON THE MAINLAND (ESPECIALLY CHEKIANG AND HEILUNGKIANG) RECEIVED HEAVY PLAY. AT THE SAME TIME, AN ALLEGED SPEECH BY CHIAO KUAN-HUA WAS THE TAKE-OFF POINT FOR MANY EDITORIALS SMEARING CHINESE COMMUNIST LEADERS FOR DUPLICITY IN FOREIGN AFFAIRS.

4. THE PRESS AND VARIOUS LOCAL PERSONALITIES CONTINUED TO PLAY UP THE IMPORTANCE OF THE ROC TO AMERICA'S SO-CALLED NEW "FORWARD LINE OF DEFENSE" -- A LINE ANCHORED TO THE NORTH BY THE ROK AND JAPAN. AN APPARENT SPIN-OFF FROM THIS INTERPRETATION IS THE GREATER PROMINENCE OF ARTICLES AND EDITORIALS ON U.S. COMMITMENTS TO THE ROK AND JAPAN AND SUGGESTIONS OF THE GROWING U.S. DISILLUSIONMENT WITH THE PRC (E.G., CONGRESSMAN DERWINSKI'S RECENT STATEMENTS, THE DECISION BY 14 MAYORS NOT TO VISIT THE PRC, AND LAIRD'S STATEMENTS WHILE IN TAIWAN).
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5. THE ANNOUNCEMENT OF MADAME CHIANG'S VISIT TO THE U.S. WAS RECEIVED WITH PRAISE FOR HER AND HOPES THAT SHE WOULD RECOVER SOON. LEFT UNSAID IS THAT A PROLONGED STAY IN THE U.S. WOULD FURTHER WEAKEN THE RANKS OF THE OLD GUARD.

6. FROM CONVERSATIONS WITH A VARIETY OF PEOPLE (BOTH OFFICIAL AND UNOFFICIAL) IN TAIPEI, KAOHSIUNG, AND TAINAN, ONE GETS A DISTINCT IMPRESSION THAT PRESIDENT FORD'S UPCOMING VISIT TO THE MAINLAND IS NOT NOW AN ISSUE OF DEEP CONCERN. VIRTUALLY EVERYONE BELIEVES IT UNLIKELY THAT ANYTHING SIGNIFICANT WILL RESULT FROM THE VISIT, AND SOME WILL EXPLAIN THAT THE PRESIDENT MUST GO, BOTH BECAUSE IT IS EXPECTED AS PART OF THE NORMALIZATION PROCESS ESTABLISHED BY THE SHANGHAI

COMMUNIQUE AND BECAUSE IT IS PERCEIVED AS PART OF THE PRESIDENT'S ELECTION CAMPAIGN.

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7. WHEN ASKED WHAT EFFECT U.S. RECOGNITION OF THE PRC WOULD HAVE ON TAIWAN, MOST AGREE THAT RECOGNITION IS INEVITABLE, BUT THAT IT WOULD BE A HEAVY BLOW FOR TAIWAN. SOME MAINLANDERS HAVE EXPRESSED THE VIEW THAT TAIWAN COULD NOT SURVIVE SUCH A BLOW; MANY TAIWANESE, HOWEVER, DO NOT QUESTION TAIWAN'S ABILITY TO SURVIVE. (A FEW HAVE EVEN SUGGESTED THAT U.S. RECOGNITION OF THE PRC WOULD BE ADVANTAGEOUS IN PROMOTING THE TAIWANIZATION OF TAIWAN.) IN GENERAL, IT CAN ALSO BE SAID THAT PEOPLE DOWNISLAND ARE MUCH LESS CONCERNED ABOUT THE FUTURE OF US/ROC RELATIONS THAN THOSE IN TAIPEI.

8. THE LEGISLATIVE YUAN (LY) ELECTIONS SCHEDULED FOR DECEMBER HAVE SO FAR FAILED TO AROUSE MUCH INTEREST OUTSIDE OF POLITICAL CIRCLES. THIS IS BECAUSE (A) THE WORK OF THE LY IS PERCEIVED BY MOST PEOPLE NOT TO HAVE MUCH DIRECT BEARING ON THEMSELVES AND (B) SINCE THE ELECTION DISTRICTS ARE LARGE, MOST INDEPENDENTS ARE RELUCTANT TO COMPETE AGAINST THE KMT, WHICH HAS THE ONLY EXTENSIVE POLITICAL MACHINERY THROUGHOUT THE ISLAND. THEREFORE, IT APPEARS THAT THERE WILL BE VERY FEW HOTLY-CONTESTED SEATS. IN FACT, ONE KMT COMMISSIONER NOTED THAT
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THE GROC WAS WORRIED ABOUT THE LEVEL OF VOTER TURNOUT AND WAS

OFFERING MONETARY REWARDS TO TOWNS AND VILLAGES WHICH HAVE THE HIGHEST TURNOUT FOR THE ELECTIONS.

9. THERE APPEAR TO BE VERY FEW, IF ANY ISLAND-WIDE DOMESTIC ISSUES; MANY PEOPLE HAVE COMMENTED THAT VOTES WILL BE CAST ON THE BASIS OF PERSONAL RELATIONS AND PERCEPTIONS OF WHAT THE CANDIDATE WILL DO FOR THE INDIVIDUAL VOTER. BOTH KMT AND INDEPENDENT SOURCES HAVE ALSO NOTED THAT THE GROC IS PLACING STRONG EMPHASIS ON THE NEED FOR STABLE, ORDERLY ELECTIONS, AND THAT IT WILL COME DOWN HARD ON ANYONE WHO ROCKS THE BOAT.

10. AS ON THE POLITICAL SCENE, THE ECONOMIC SCENE HAS ALSO BEEN RELATIVELY QUIET. ALTHOUGH HEALTHIER THAN IN THE FIRST HALF OF THE YEAR, THE ECONOMY REMAINS SLUGGISH BUT STEADY. ORDERS IN MOST MAJOR INDUSTRIES HAVE PICKED UP SOMEWHAT BUT EXTEND ONLY THROUGH THE END OF THE YEAR AT BEST, WITH 70-85 PERCENT OF FULL PRODUCTION. ALTHOUGH BUSINESSMEN SPEAK RATHER OPTIMISTICALLY OF FINDING WAYS TO GET THROUGH THE YEAR, THEY ARE STILL CONCERNED ABOUT THE PROSPECTS FOR NEXT YEAR, WHICH DEPEND IN LARGE PART ON THE EXTENT OF INTERNATIONAL ECONOMIC RECOVERY.

11. WHILE TOTAL FOREIGN INVESTMENT APPROVALS ARE WELL BELOW THE LEVEL FOR THE SAME PERIOD IN 1974, THEY REPRESENT A SLIGHT IMPROVEMENT OVER THE SITUATION OF THREE MONTHS AGO. CONSUMER PRICES HAVE REMAINED FAIRLY STEADY AFTER A CONSIDERABLE UPSURGE IN JUNE, BUT INFLATIONARY PRESSURES REMAIN.

12. MANY FACTORIES ARE COMPLAINING OF DIFFICULTY IN FINDING WORKERS TO FILL OPENINGS CREATED BY INCREASED PRODUCTION. THIS RAISES A QUESTION OF WHAT HAS HAPPENED TO THE GIRLS WHO WERE LAID-OFF LATE LAST YEAR; THE GENERAL BELIEF IS THAT MANY RETURNED TO THEIR FAMILIES ON THE FARM WHERE LABOR HAD BEEN SHORT. ONE EXAMPLE OF WORKER CONFIDENCE IN THE CURRENT JOB MARKET WAS A BRIEF STRIKE (AND DEMONSTRATION) AT GENERAL INSTRUMENTS OF TAIWAN -- THE LARGEST FOREIGN EMPLOYER IN TAIWAN -- WHICH WAS SETTLED IN FAVOR OF THE WORKERS.

13. ON THE OTHER HAND, UNEMPLOYMENT APPEARS TO BE FAIRLY HIGH AMONG THE YOUNGER EDUCATED. IN AN APPARENT ATTEMPT TO

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COPE WITH THIS PROBLEM, THE GOVERNMENT IS PLACING INCREASED EMPHASIS ON VOCATIONAL TRAINING AND HAS ALSO RECENTLY ANNOUNCED A PLAN TO HELP FIND EMPLOYMENT FOR COLLEGE GRADUATES IN TOWNS AND VILLAGES. TO WHAT EXTENT SUCH A PROGRAM COULD BE SUCCESSFUL REMAINS TO BE SEEN.

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